



THE CITY OF SAN DIEGO
REPORT TO THE CITY COUNCIL

DATE ISSUED: January 31, 2007 REPORT NO: 07-028
ATTENTION: City Council Agenda of February 6, 2007
SUBJECT: Proposed 2007 Legislative Program

BACKGROUND:

The Intergovernmental Relations Department is charged with developing the City's draft annual legislative program for approval by the City Council. The legislative program is the City's proactive list of legislative, budgetary or regulatory priorities for the upcoming year in both Sacramento and Washington D.C.

For the 2007 legislative effort, specific criteria were used as a guide in establishing the City's legislative priorities:

1. Does the proposal provide significant revenues or funding opportunities to the City?
2. Does the proposal provide significant cost savings if enacted?
3. Does the proposal enhance public safety?
4. Does the proposal provide the City with greater ability or flexibility to provide municipal services to its citizens?

DISCUSSION:

The Intergovernmental Relations Department recommends the City Council consider the following proposals and adopt them as the City's 2007 Legislative Program.

2007 STATE SPONSORSHIP PRIORITIES

Implementation of Statewide Bond Measures

On November 7, 2006 the citizens of California approved the historic infrastructure bond package, Propositions 1B – 1E (Proposition 1A protected existing transportation revenues and was not a bond measure) as well as Proposition 84. Combined, these bond measures totaled over \$42 billion for improvements for: transportation; housing; education; disaster preparedness and flood control; and drinking water and natural resources protection.

Prior to the election, the City Council voted unanimously to approve Propositions 1A – 1E. Given the strong support from the Mayor and Council for these propositions and the potential for the City and the region to receive hundreds of millions of dollars for infrastructure

improvements, it is necessary the City work diligently to ensure the citizens receive a fair share return on their investment.

Each of the bond measures is comprised of a variety of funding categories. Some of those funds have been dedicated to existing programs (i.e.: State Transportation Improvement Program (STIP), Local Streets and Roads, Multi-Family Housing Program, etc.) and the City will compete for funding in accordance with the existing guidelines for each funding category.

However, a majority of the funding will require the Legislature or the Administration to develop the criteria before allocation of the money can occur. Additionally, the funds must be appropriated by the Legislature before expenditure.

Under both scenarios the City should seize the opportunity to actively participate in the development of criteria and appropriations by the Legislature and the Administration.

Proposed Solution: The top priority for the City in the 2007 State Legislative Session is to receive a fair share of funding from the bond measures. To accomplish this, four key efforts must occur:

1. Identifying the categories of funding that provide an opportunity for the City to compete for funds.
2. Create project lists for those funding categories.
3. Engage in development of the legislative or administrative criteria for each of those categories to maximize City eligibility and probability of ultimately being awarded funds.
4. Advocate for the appropriation of funds for those programs the City is eligible to receive funding from before the Legislature.

Cable/Video Services Clean-up Legislation

In the fall of 2006, the Legislature passed legislation making sweeping changes to the cable/video franchise fee program. Before AB 2987 was passed, franchise agreements were negotiated between local governmental agencies and cable/video service providers.

AB 2987 created a statewide franchise system essentially removing local government's ability to regulate providers in their jurisdiction. The legislation continued to provide local government with the franchise fee revenue in exchange for access to the public right-of-way.

The bill however had a number of provisions that local governments will find problematic and should attempt to correct through new legislation.

Proposed Solution: Sponsor or support state legislation to provide the following for the benefit of local governments:

1. Ability for local governments to conduct regular audits.
2. Determination of "Launch fees" and "vendor marketing credits" as gross revenue for inclusion in the 5% to local government.

Statewide Gang Commission

Criminal gang activity is a prevalent problem throughout the State of California. In order to develop long-term strategies to prevent gang involvement, the State should create a Commission on Gang Prevention and Intervention modeled after the City's recently created commission.

The Commission's mission will be the creation an overall strategy to address gang issues in the State, and specifically ways to prevent gang involvement. While law enforcement focuses primarily on enforcement issues, the Commission's focus should be to develop a more strategic, coordinated and collaborative effort between law enforcement agencies, social service providers and the public. The commission's goal will be to create a long-term and joint effort that incorporates municipalities, law enforcement agencies, social service providers, citizens and other appropriate public agencies.

Proposed Solution: Sponsor legislation to create a Statewide Commission on Gang Prevention and Intervention.

Statewide Grant Notification

Both State and Federal governments operate numerous departments and agencies for the benefit of the public. Often, these departments and agencies offer competitive grant opportunities for local governments.

The federal government operates a website (www.grants.gov) which is a central storehouse for information on over 1,000 grant programs and access to approximately \$400 billion in annual awards. By registering once on this site, organizations can apply for grants from 26 different Federal agencies.

The State of California, however, does not have a similar program and finding information on, or learning about new grant opportunities is much more challenging.

Proposed Solution: Sponsor an initiative to encourage the State to create a tool similar to the Federal model of <http://grants.gov>. By creating this tool, City staff would have a single source of grant information and should be better positioned to apply for and receive state grant funding.

Storm Water Pollution Prevention

The City is required to comply with federal and state storm water pollution prevention mandates. In order to accomplish these requirements, the City needs to: a) develop a sustainable revenue source for the storm water pollution prevention program; b) remain in compliance with new storm water regulations (Chollas Creek is identified as an impaired water body, and to meet expected TMDL requirements for copper, lead, zinc and bacteria will have a considerable financial impact to the City, and anticipated impacts to the Chollas Creek surrounding communities.); and c) maximize the City's ability to win grants from existing funding programs.

Proposed Solutions:

1. Advance a Constitutional Amendment to exempt fees or charges related to flood control, storm water drainage or surface water drainage from the Proposition 218 voter approval requirements. (Storm water fees could then be imposed by Mayor/Council via the same current process for water and wastewater fees).

2. Seek legislation to regulate the content of copper in vehicle brake pads (this mobile source of copper pollutants has been identified as the most significant contributor of copper within the Chollas Creek watershed).
3. Modify Proposition 13 and Proposition 50 grant requirements from 3 year to 5 year grant project completion date.

Reclaimed Water System

The City currently operates a reclaimed water system. In order to reach the EPA's 2010 reuse goals for the City (as memorialized in a grant agreement), it is important that the City maximize the existing infrastructure investment in the reclaimed water delivery system.

As is the case with most infrastructure improvements, the costs for expanding the system are expensive. Additionally, the State's regional boards are inconsistent in their application of reuse standards/regulations thereby creating regulatory obstacles.

Proposed Solutions:

1. Seek state legislation to establish a tax credit or rebate program for retrofit costs. This would be a similar program to what is offered to utility customers who install systems that generate solar powered electricity.
2. Support efforts that will result in a uniform enforcement of reclaimed water and conversion regulations. Efforts could be, but not limited to:
 - Legislation for uniform enforcement of regulations
 - California DHS (Department of Health Services) to establish a uniform recycling criteria
 - Advocate for the SWRCB Water Recycling Guidance document to remain on schedule, be completed, and for the City to comment as the document is developed

Legal Defense Funds

Current state law permits state elected officials to establish a separate account to defray attorney's fees and other legal costs incurred for the candidate's or officer's legal defense from civil or criminal proceedings or administrative proceedings arising directly out of the conduct of an election campaign, the electoral process, or the performance of the elected's governmental activities and duties. These funds may be used only to defray those attorney fees and related legal costs.

Proposed Solution: Seek state legislation to amend the current code section to permit local government candidates and elected official to also be afforded the same opportunity to create a separate account for the purpose of creating and maintaining a legal defense fund as allowed for state candidates and elected officials.

Reclassification of Designated Open Space to Dedicated Open Space

Several significant bureaucratic obstacles and their accompanying costs have prevented the city from being able to reclassify many of their designated open space parcels to the more protected dedicated open space classification. The current process prevents many worthwhile open space parcels from moving into the dedicated classification as originally intended when the land was deeded over to the city.

Proposed Solution: Senator Christine Kehoe has approached the Mayor's Office with a legislative remedy which would allow the City of San Diego to engage in mass reclassification of qualifying designated open space parcels to dedicated open space parcels. City staff would be tasked to construct a list of appropriate currently designated open space parcels to be shifted to the dedicated status.

2007 FEDERAL SPONSORSHIP PRIORITIES

Homeland Security Funding/Eligibility for UASI Program

In January 2007 the Department of Homeland Security identified 45 urban areas throughout the country eligible to apply for Urban Area Security Initiative funding. Of these 45 cities, San Diego was again deemed eligible to compete for UASI funds a year after being placed on the UASI "sustainment" list for 2006.

Proposed Solution: Continue efforts to ensure San Diego remains on the high risk urban area list and eligible for the UASI program. Efforts may include working directly with the Department of Homeland Security to ensure data collection and risk assessment methodology that benefits San Diego or potential federal legislation which substantially increases the region's likelihood of remaining eligible.

Point Loma Waiver

The City is nearing the expiration of its wastewater discharge permit with the federal government (2008). The Metropolitan Wastewater Department (MWWD) is currently exploring a number of options in efforts to determine the best approach for complying with federal and state discharge requirements.

Regardless of which option is recommended and ultimately approved by City officials as the final strategy, intergovernmental relations activities will play a crucial role in the success of the discharge permit.

CONTINUING FEDERAL PRIORITIES

Renewal Community Boundary Correction

The City of San Diego has received federal Renewal Community (RC) designation; a program which provides federal income tax incentives for investment in older neighborhoods with small business properties, making the business community a key partner in inner city revitalization. The designation has had a positive impact in stimulating new investment and job creation in areas that have historically experienced disinvestment and blight.

A key neighborhood that was included in the City's application for RC designation was disqualified for a technical reason. The census tracts in this neighborhood were excluded because they are separated from the rest of the RC by a small gap, violating the RC law's requirement of a "continuous boundary."

The excluded neighborhood, City Heights, encompasses a third of the application area's population and is an area of poverty, unemployment, distress, and crime.

Proposed Solution: Seek federal legislation to amend the definition of “continuous boundary” to permit HUD to include census tracts that are adjacent to each other, rather than continuous.

Water Reliability

As the provider of safe drinking water to San Diegans, it is a continued priority to ensure the adequate availability of safe drinking water. Two continued priorities should be pursued in 2007:

1. Reauthorization of Water Resources Development Act (WRDA)
 - a. City/Sweetwater Reservoir Intertie Provisions
 - b. Section 214 Program – Authorizes the Army Corps of Engineers to receive funding to dedicate a staff member to review the City’s permit applications. This program has helped expedite the City’s permit applications, saving thousands of dollars.
2. Passage of City/Sweetwater Reservoir Intertie Bill (HR 1190)
 - a. Provides funding to conduct a feasibility study related to connecting four regional reservoirs. This new connection would enable raw water to be transferred within the system and improve efficiencies.

Federal Funding for Water and Wastewater Infrastructure

Upgrading the City’s water and wastewater infrastructure and addressing state and federal mandates is a priority. Addressing the City’s water and wastewater system needs is expensive and it is critical to have federal funding for the infrastructure needs.

Proposed Solutions:

The Federal Clean Water State Revolving fund (CW SRF) and the Drinking Water State Revolving Fund (DW SRF) provide crucial federal funds for state loan accounts for communities to use in repairing and modernizing wastewater and water infrastructure systems. The City’s Water and Wastewater Departments are eligible to apply for these loans as a lower cost alternative to private bond financing of projects in the Capital Improvement Program.

The City should advocate for protecting and enhancing SRF funding levels in the President’s FY08 Budget.

Border/Binational

The City strives to reduce the economic impact of border wait times and protect and enhance the binational region’s global competitiveness while maintain secure and efficient ports of entry.

Proposed Solutions:

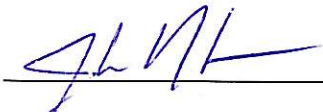
Funding for improvements to existing Ports of Entries is administered by the Department of Homeland Security, Customs and Border Protection. The City should advocate making funding for the SY Port of Entry, the Otay II Port of Entry and SR 11 a priority within DHS.

Support legislation that would allow for a private-public partnership to finance our ports of entry (Contingent upon results of an economic feasibility study for Otay II being favorable, and having regional (SANDAG) support for this effort).

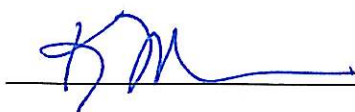
PREVIOUS COUNCIL and/or COMMITTEE ACTION:

On November 22, 2006 the Council Committee on Rules, Open Government and Intergovernmental Relations voted 4-0 to forward report #06-178 to Council for further action, with additional recommendation to include increased funding for the State Revolving Fund (SRF).

On October 25, 2006 the Council Committee on Rules, Open Government and Intergovernmental Relations voted 4-0 to approve the Ethics Commission's Proposed Changes to the Lobbying Ordinance and further direct the Commission to seek state legislation permitting the establishment of a separate account for the purpose of creating and maintaining a legal defense fund.



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